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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

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JUN 23 1999

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CARL J. KUNASEK
CHAIRMAN
JIM IRVIN
COMMISSIONER
WILLIAM A. MUNDELL
COMMISSIONER

DOCKETED BY

SS

IN THE MATTER OF THE APPLICATION OF
TUCSON ELECTRIC POWER COMPANY FOR
APPROVAL OF ITS STRANDED COST
RECOVERY AND FOR RELATED APPROVALS,
AUTHORIZATIONS AND WAIVERS.

DOCKET NO. E-01933A-98-0471

IN THE MATTER OF THE FILING OF TUCSON
ELECTRIC POWER COMPANY OF
UNBUNDLED TARIFFS PURSUANT TO A.A.C.
R14-2-1061 ET.SEQ.

DOCKET NO. E-01933A-98-0772

IN THE MATTER OF COMPETITION IN THE
PROVISION OF ELECTRIC SERVICES
THROUGHOUT THE STATE OF ARIZONA

DOCKET NO. RE-00000C-94-0165

PROCEDURAL ORDER**BY THE COMMISSION:**

Our April 21, 1999 Procedural Order set a hearing on Tucson Electric Power Company's ("TEP") stranded cost and unbundled tariffs to commence on September 29, 1999. On June 10, 1999, TEP filed with the Arizona Corporation Commission ("Commission") a Notice of Filing, Application for Approval of Settlement Agreement ("Proposed Settlement")¹ and Request for Expedited Procedural Order ("Request"). The Proposed Settlement contains resolutions to the stranded costs and unbundled rate issues. As a result, TEP requested the following procedural schedule be adopted regarding the Proposed Settlement:

Filing of Settlement Agreement	June 9
Procedural Order Issued	June 18
Filing Date for Testimony from Parties to the Settlement Agreement	June 23
Filing Date for Testimony from Staff and Intervenors	July 14
Filing Date for Rebuttal Testimony from Parties to the Settlement Agreement	July 22
Hearing Begins	July 27

¹ The Parties to the Proposed Settlement are as follows: the Residential Utility Consumer Office, Tucson Electric Power Company, Arizona Community Action Association and the Arizonans for Electric Choice and Competition which is a coalition of companies and associations in support of competition that includes Cable Systems International, BHP Copper, Motorola, Chemical Lime, Intel, Honeywell, Allied Signal, Cyprus Climax Metals, Asarco, Phelps Dodge, Homebuilders of Central Arizona, Arizona Mining Industry Gets Our Support, Arizona Food Marketing Alliance, Arizona Association of Industries, Arizona Multi-housing Association, Arizona Rock Products Association, Arizona Restaurant Association, Arizona Retailers Association, Boeing, Arizona School Board Association, National Federation of Independent Business, Arizona Hospital Association, Lockheed Martin, Abbot Labs and Raytheon.

1 On June 15, 16, 17 and 21, 1999, the Arizona Utility Investors Association, Inc. ("AUIA"),
2 ASARCO Incorporated, Cyprus Climax Metals Company and the Arizonans for Electric Choice and
3 Competition (collectively "ASARCO"), Commonwealth Energy Corporation ("Commonwealth"),
4 and the Arizona Community Action Association ("ACAA") respectively, filed Motions to Intervene
5 ("Motions") in the above-captioned matter.

6 Pursuant to A.A.C. R14-3-101, the Commission now issues this Procedural Order to govern
7 the preparation and conduct of this proceeding.

8 IT IS THEREFORE ORDERED that a hearing in the above-captioned matter shall commence
9 on **August 11, 1999 at 10:00 a.m.**, or as soon thereafter as is practical, at the Commission's offices,
10 400 West Congress, Tucson, Arizona 85701.

11 IT IS FURTHER ORDERED that public comments shall be taken at the beginning of the
12 hearing.

13 IT IS FURTHER ORDERED that a pre-hearing conference shall be held on August 9, 1999 at
14 1:30 p.m. at the Commission's Phoenix offices, 1200 West Washington Street, for the purpose of
15 scheduling witnesses and the conduct of the hearing.

16 IT IS FURTHER ORDERED that TEP, the Residential Utility Consumer Office ("RUCO"),
17 Arizona Community Action Association ("ACAA"), and Arizonans for Electric Choice and
18 Competition ("AECC") shall file testimony and supporting documents in support of the Proposed
19 Settlement on or before noon on June 30, 1999.

20 IT IS FURTHER ORDERED that TEP shall provide public notice of the hearing in this
21 matter, in the following form and style, with the heading in no less than 24 point bold type and the
22 body in no less than 10 point regular type:

23
24 **PUBLIC NOTICE OF TUCSON ELECTRIC POWER COMPANY**
25 **PROPOSED SETTLEMENT AGREEMENT/IMPLEMENTATION**
OF ELECTRIC COMPETITION.

26 On June 10, 1999, Tucson Electric Power Company ("Company"), the
27 Residential Utility Consumer Office, Arizona Community Action
28 Association, and Arizonans for Electric Choice and Competition filed a
Proposed Settlement Agreement ("Agreement") with the Arizona

1 Corporation Commission ("Commission"). The Agreement was entered
2 into for the purpose of establishing terms and conditions for the
3 introduction of competition in generation and other competitive services
4 that are just, reasonable and in the public interest. The Agreement
5 confirms previously ordered rate decreases of one percent each year for
6 two years commencing on July 1, 1999 for all customers except those with
Electric Service Agreements. After the two decreases totaling two
percent, the rates would be frozen until December 31, 2008. The
Agreement provides the Company a reasonable opportunity to recover
\$450 million for "stranded investment".

7 The Commission will hold a hearing on this matter beginning August 11,
8 1999 at 10:00 a.m. at the Commission's offices, 400 West Congress,
9 Tucson, Arizona 85701. Public Comments will be taken in Tucson on the
first day of hearing.

10 The law provides for an open public hearing at which, under appropriate
11 circumstances, interested parties may intervene. Intervention shall be
12 permitted to any person entitled by law to intervene and having a direct
13 and substantial interest in the matter. Persons desiring to intervene must
14 file a written motion to intervene with the Commission, which motion
should be sent to the Company or its counsel and to all parties of record,
and which, at the minimum, shall contain the following:

15 1. The name, address, and telephone number of the proposed
16 intervenor and of any party upon whom service of documents is to be made if
different than the intervenor.

17 2. A short statement of the proposed intervenor's interest in the
18 proceeding (e.g., a customer of the Company, a shareholder of the
Company, etc.)

19 3. A statement certifying that a copy of the motion to intervene has
20 been mailed to the Company or its counsel and to all parties of record in
the case.

21 The granting of motions to intervene shall be governed by A.A.C.R14-3-
22 105, except that all motions to intervene must be filed on or before July 7,
23 1999. The granting of intervention, among other things, entitles a party to
24 present sworn evidence at hearing and to cross-examine other witnesses.
25 However, failure to intervene will not preclude any customer from
appearing at the hearing and making a statement on such customer's own
behalf.

26 The Commission does not discriminate on the basis of disability in
27 admission to its public meetings. Persons with a disability may request a
28 reasonable accommodation such as a sign language interpreter, as well as
request this document in an alternative format, by contacting Cynthia

Mercurio-Sandoval, ADA Coordinator, voice phone number 602/542-0838, E-mail csandoval@cc.state.az.us. Requests should be made as early as possible to allow time to arrange the accommodation.

IT IS FURTHER ORDERED that the Company shall cause the above notice to be published at least two days in a daily newspaper of general circulation in its service territory, with publication to be completed as soon as possible but not later than June 30, 1999.

IT IS FURTHER ORDERED that intervention shall be accordance with A.A.C. R14-3-105, except that all motions to intervene must be filed on or before July 7, 1999.

IT IS FURTHER ORDERED that any opposition to intervention must be filed within 24 hours² of filing or the intervention will be deemed to be granted.

IT IS FURTHER ORDERED that TEP shall fax a copy of this Procedural Order to any intervenor within 24 hours² of intervention being granted.

IT IS FURTHER ORDERED that discovery requests may be served upon TEP, AECC, RUCO and ACAA by any party herein regarding the Proposed Settlement up through noon of July 28, 1999.

IT IS FURTHER ORDERED that TEP, AECC, RUCO and ACAA shall make every reasonable effort to reply to each discovery request within 24 hours² of receipt.

IT IS FURTHER ORDERED that all Intervenors/Staff shall file specific disagreements/testimony/comments regarding the Proposed Settlement by noon on July 28, 1999.

IT IS FURTHER ORDERED that cross-examination/direct testimony by Intervenors/Staff shall be limited to those areas filed as specific disagreements/testimony/comments.

IT IS FURTHER ORDERED that Intervenors/Staff shall file no later than noon on July 28, 1999 a list of witnesses and subject area(s) to be covered at the hearing in this matter.

IT IS FURTHER ORDERED that TEP, AECC, RUCO and ACAA shall file any rebuttal testimony by noon on August 6, 1999.

IT IS FURTHER ORDERED that TEP, AECC, RUCO and ACAA shall file no later than noon on August 6, 1999 a list of witnesses and subject area(s) to be covered at the hearing on this

² A reply to a Friday request would be due the first business day thereafter.

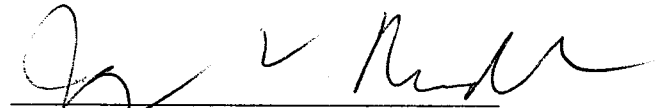
1 matter.

2 IT IS FURTHER ORDERED that the proposed procedural schedule for TEP set forth in the
3 April 21, 1999 Procedural Order is hereby suspended indefinitely.

4 IT IS FURTHER ORDERED that AUIA, ASARCO, Commonwealth, and ACAA³ are hereby
5 granted intervention.

6 IT IS FURTHER ORDERED that the Presiding Officer may rescind, alter, amend, or waive
7 any portion of this Procedural Order either by subsequent Procedural Order or by ruling at hearing.

8 DATED this 23rd day of June, 1999.

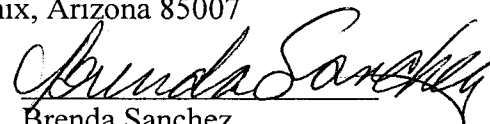
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10
11 
12 JERRY L. RUDIBAUGH
CHIEF HEARING OFFICER

13 Copies of the foregoing mailed/delivered
14 this 23rd day of June, 1999 to:

15 Service list for Docket No. RE-00000C-94-0165

16 Paul Bullis, Chief Counsel
17 ARIZONA CORPORATION COMMISSION
1200 W. Washington Street
Phoenix, Arizona 85007

18 Director, Utilities Division
19 ARIZONA CORPORATION COMMISSION
1200 W. Washington Street
20 Phoenix, Arizona 85007

21 By: 
22 Brenda Sanchez
Secretary to Jerry L. Rudibaugh

23
24
25
26
27
28 ³ ASARCO (a member of the AECC) and ACAA are already parties since they are signatories to the Proposed Settlement.